

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN BOB DAVIES**, on January 19, 2001 at
8:00 A.M., in Room 317-B Capitol.

ROLL CALL

Members Present:

Rep. Bob Davies, Chairman (R)
Sen. Jack Wells, Vice Chairman (R)
Rep. John Brueggeman (R)
Rep. Monica Lindeen (D)
Sen. Bea McCarthy (D)
Sen. Corey Stapleton (R)

Members Excused: None.

Members Absent: None.

Staff Present: Greg DeWitt, Legislative Branch
Mary Beth Linder, OBPP
Cyndie Lockett, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: POINTS, 1/19/2001
Executive Action: Department of Revenue

{Tape : 1; Side : A; Approx. MIC NOT ON FOR FIRST 27 MINS}

HEARING ON DEPARTMENT OF REVENUE

Chairman Davies called the meeting to order. He asked **Rep. David Wanzenried** to give his testimony.

Rep. Wanzenried handed out **EXHIBIT(jgh15a01)** which listed the general fund receipts for Fiscal 2000 for Department of Revenue. **Rep. Wanzenried** pointed out misstatements also in the Legislative Auditor's Financial-Compliance Audit of the Department of Revenue on page 13 **EXHIBIT(jgh15a02)**. He came before the subcommittee to recommend the need to have something be done to hold the Department of Revenue more accountable for results.

Rep. Lindeen asked the Department of Revenue if SABHRS could account for the receivables functions that POINTS does. She asked **Cathy Muri, Department Administration** first. **Mrs. Muri** answered yes and then **Rep. Lindeen** asked Department of Revenue. **Neil Peterson** who is the process lead to Customer Service Center, told her yes, but SABHRS could not do other things that POINTS can do.

Chairman Davies asked the cost of POINTS and who the deal was made with. **Denny Espeland, Department of Revenue POINTS** process lead replied \$22 million, which was a package deal and they went through Anderson Consulting.

{Tape : 1; Side : B; Approx. Time Counter : 30 - 60}

Sen. Stapleton asked what the Department of Revenue how much was awarded to the winning bidder for POINTS system? **Mr. Espeland** replied the bid went out at \$11.9 million and IBM along with Anderson Consulting bid on the job. But IBM fell out of compliance with the specifications so they didn't even get looked at.

Sen. Stapleton who won the bid. **Mr. Espeland** replied that Anderson Consulting won the bid. **Sen. Stapleton** wanted to know the bid cost. **Jeff Miller, Policy & Performance Management** stated the funding proceeds started at Phase I which cost 17.8 million and Phase II cost \$18 million which was authorized through HB 15 last session.

Sen. Stapleton asked if it alarmed the Department that they were \$10 million over their bid price. **Mr. Miller** said its not their goal to spend all the money. He stated their was \$12.2 million

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left to complete the project. He also stated they are determined to spend no more money than is needed, so what left over will go back into the general fund.

Rep. Brueggeman asked what in the bid process is considered non-compliant. **Mr. Miller** answered that in the bid process to select a contractor for this kind of project it is required to put out a request of proposal that has pre-established criteria. He stated that IBM failed the criteria. **Mr. Espeland** also added that the cost proposal for IBM was never received because IBM didn't pass the first phase of the bidding.

Kurt Alme, Director of Department of Revenue, explained that \$18 million difference that shows up on **EXHIBIT (1)** was unintended and the person who was in charge of this left the Department of Revenue 30 days prior to the end of Fiscal year. That person was the only person who knew or who could explain why there is that big difference. There is cross training going on now so they don't run into this situation again.

Sen. McCarthy asked the **Jeane Carstensen-Garrett, Legislative Audit Division**, when audit was complete in 1998 were there similar problems in the Department of Revenue. **Mrs. Carstensen-Garrett** answered no.

Sen. McCarthy asked **Chairman Davies** if the subcommittee could hold off on executive action for the Department of Revenue. She felt that there were many issues that needed to be discussed especially within the subcommittee. **Chairman Davies** said that sounded like a very good request and he also felt it would let the Department of Revenue gather more information.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 10}

Rep. Brueggeman asked if the subcommittee could hold off on executive action until the select subcommittee on Information Technology finished their actions. **Chairman Davies** said that would be fine.

Mr. Alme asked the subcommittee what information or data could the Department of Revenue put together for them.

Rep. Lindeen said she would like to see the research on people who decided to go with POINTS rather than SABHRS.

Sen. Stapleton wanted written material that explained \$18 million difference.

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Mrs. Linder also said there is an action plan that was developed by the Department of Revenue that her agency could supply for more information.

Chairman Davies asked about the general obligation bonds, who approved them, and what were the parameters on these bonds.

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ADJOURNMENT

Adjournment: 9:30 A.M.

REP. BOB DAVIES, Chairman

CYNDIE LOCKETT, Secretary

BD/CL

EXHIBIT (jgh15aad)